No. 15-446

IN THE
Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC,
Petitioner,

v.

MICHELLE K. LEE, UNDERSECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF *AMICI CURIAE* PATENT-PRACTICING TECHNOLOGY INNOVATORS IN SUPPORT OF PETITIONER

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BRIEF OF *AMICI CURIAE* PATENT-PRACTICING TECHNOLOGY INNOVATORS IN SUPPORT OF PETITIONER

STATEMENT OF INTEREST[1]

Amici curiae SiOnyx, LLC, Andrea Electronics Corp., ASSIA, Inc. Cresta Technologies, Medversant Technologies LLC, Netlist Inc., SEVEN Networks LLC, Smartvue Corporation, and Triplay, Inc., are small and mid-sized companies on the cutting edge of

[1] Additional information about the *amici curiae* is set forth in the appendix. No party or counsel for a party authored this brief in whole or in part. No party, counsel for a party, or person other than the *amici curiae* or its counsel made a monetary contribution intended to fund the preparation or submission of this brief. The petitioner has filed a blanket consent to the filing of *amicus curiae* briefs in this case. The respondent has consented to the filing of this brief in writing.

American technological innovation. Like all businesses driven by invention, their most valuable asset is their intellectual property. Companies like the *amici curiae* rely on the rights secured by the U.S. patent system to attract capital investment, secure loans, and justify vital expenditures in research and development and business operations. These companies thrive when patent protections are clear, predictable, and consistently enforced. Because the Federal Circuit's judgment in this case undermines those protections, the *amici curiae* respectfully urge this Court to reverse.

BACKGROUND

Congress enacted the Leahy-Smith America Invents Act ("AIA") to "establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs." H.R. Rep. No. 112-98, pt. I at 40 (2011). As part of that effort, Congress scrapped a rarely used administrative mechanism for challenging a patent's validity in favor of a new, "court-like" proceeding intended to offer an alternative to litigation. *Id.* at 68.

Until the AIA, parties could challenge issued patents in one of two ways: they could litigate validity in federal district court, or they could seek a reexamination in the Patent and Trademark Office by introducing a "substantial new question of patentability" not presented during the original examination. *See, e.g.*, *In re NTP, Inc.*, 654 F.3d 1268, 1276 (Fed. Cir. 2011) (quoting 35 U.S.C. § 303). Although litigation was ordinarily more costly and protracted than reexamination, thirty years of experience proved that reexamination was "a less viable alter-

native to litigation for evaluating patent validity than Congress intended." H.R. Rep. 112-98 at 45.

One reason reexamination proved a poor substitute for litigation is that "PTO examination procedures have distinctly different standards, parties, purposes, and outcomes compared to civil litigation." *In re Swanson*, 540 F.3d 1368, 1377 (Fed. Cir. 2008). The AIA was meant to solve that problem by eliminating the key distinctions between challenges to issued patents in the PTO and litigation, and creating an entirely new proceeding called "inter partes review."

In enacting these improvements, Congress expressly "recognize[d] the importance of quiet title to patent owners to ensure continued investment resources" and directed the PTO to prevent the Act's new measures from "divert[ing] resources from the research and development of inventions." H.R. Rep. 112-98 at 48.

Unfortunately, the PTO ignored that clear instruction. Under the guise of its procedural authority, the PTO promulgated a rule that subjects the Act's new adjudicative proceedings to the same standard of patent claim construction that governed the very proceedings Congress expressly intended to *replace*. *See* 37 C.F.R. § 42.100(b); Changes to Implement Inter Partes Review, 77 Fed. Reg. 48680, 48688 (Aug. 14, 2012). By giving issued patent claims their "broadest reasonable construction," the PTO ensured that district courts and administrative law judges in the PTO would continue to arrive at different interpretations of the same patents on the same evidence.

A razor-thin majority of the Federal Circuit blessed this administrative veto of congressional intent, reasoning that the PTO had used the same rule "[f]or

more than a century." Pet. App. 13a. But Congress acted precisely because the PTO's longstanding practice failed to provide a "viable alternative to litigation for evaluating patent validity." H.R. Rep. 112-98 at 45. As explained below, the PTO's adoption of the "broadest reasonable interpretation" rule in inter partes review directly undermines the purpose of the new proceedings. For patent-practicing technology companies, like the *amici curiae*, the rule creates uncertainty about the value of their patents and their ability to attract and retain investment. That is the opposite of the result Congress intended. The decision below should be reversed.

SUMMARY OF ARGUMENT

After thirty years of experience showed that reexamination could not substitute for civil litigation, Congress opted for a new approach to PTO reviews of issued patents. The AIA endowed the inter partes review process with the signal features of adjudication, creating a new administrative court, assigning a burden of proof, expanding the proceedings' estoppel effect, and even permitting parties to end review by settling. These changes shifted PTO proceedings from the "neutral" give and take that characterized examination to an adversarial delineation of property rights akin to litigation.

The Federal Circuit found "no indication that the AIA was designed to change the claim construction standard that the PTO has applied for more than 100 years." Pet. App. 15a. But that is not the question. The AIA established an entirely *new* proceeding, consciously modeled after district court adjudication. The question is whether applying an examinational

standard in that new proceeding can be reconciled with the text and purpose of the Act. It cannot.

Not only do the procedural features of inter partes review render the application of a broadest reasonable interpretation standard infeasible, the standard undermines the purpose of those features. Instead of harmonizing district court and PTO proceedings, the PTO's rule entrenches their former differences. So while PTO proceedings are now wider ranging and more readily available, they can still draw different conclusions from the same evidence. That encourages abusive gamesmanship and forum manipulation, undermining patent rights and hurting small- and mid-sized businesses that practice their patents.

Even if the text and purpose of the AIA did not foreclose the broadest reasonable interpretation standard, the PTO's rule would not qualify for deference. Congress never authorized the PTO to issue claim construction rules. And even if the agency could set some form of standard, the broadest reasonable interpretation rule is not a reasonable construction of the AIA.

ARGUMENT

I. THE PTO'S RULE IS INCOMPATIBLE WITH THE TEXT AND PURPOSE OF THE AIA.

The PTO gives claims their broadest reasonable interpretation for reasons specific to the patent examination process. The AIA deliberately chose a different path, "convert[ing]" the existing PTO mechanism for challenging patent validity "from an examinational to an adjudicative proceeding." H.R. Rep. 112-98 at 46, 48. Yet the majority below concluded there was "no indication" that Congress intended to

displace the broadest reasonable interpretation standard. Pet. App. 15a. That was error. The broadest reasonable interpretation standard is not only incompatible with the structure of review proceedings, it runs counter to the statute's goal, incentivizing gamesmanship and increased litigation at the expense of investment-reliable patent rights.

A. Congress Did Not Intend The Broadest Reasonable Interpretation Standard To Govern Inter Partes Review.

1. A broad interpretation helps examiners and applicants "explor[e] the metes and bounds to which the applicant may be entitled, and thus * * * aid[s] in sharpening and clarifying the claims during the application stage, when claims are readily changed." *In re Skvorecz*, 580 F.3d 1262, 1267 (Fed. Cir. 2009). That serves "[a]n essential purpose of patent examination"—"to fashion claims that are precise, clear, correct and unambiguous" and remove "as much as possible" any "uncertainties of claim scope." *In re Buszard*, 504 F.3d 1364, 1367 (Fed. Cir. 2007) (quoting *In re Zletz*, 893 F.2d 319, 322 (Fed. Cir. 1989)).

The winnowing function of the broadest reasonable interpretation standard works because examination is an iterative process in which "the patent examiner and the applicant" engage "in the give and take of rejection and response." *In re Buszard*, 504 F.3d at 1366-67; *see In re Yamamoto*, 740 F.2d 1569, 1572 (Fed. Cir. 1984) ("[T]he applicant has the ability to correct errors in claim language and adjust the scope of claim protection as needed. Even the PTO acknowledges that the standard cannot function where amendment is impossible, as when expired patents are subject to a reexamination. *See In re*

Rambus, Inc., 753 F.3d 1253, 1256 (Fed. Cir. 2014) (PTO applies district court standard of claim construction to reexamination of expired patents). But "when claims can be amended, ambiguities should be recognized, scope and breadth of language explored, and clarification imposed." *In re Zletz*, 893 F.2d at 321. The same was true of the former inter partes reexamination process, which Congress directed the PTO to conduct along the lines of an initial examination. *See* 35 U.S.C. § 314(a) (2006); *In re Etter*, 756 F.2d 852, 857 (Fed. Cir. 1985) (en banc) ("[T]he intent underlying reexamination is to 'start over' in the PTO.").

2. But the "protocol of giving claims their broadest reasonable interpretation" is "solely an examination expedient, not a rule of claim construction." *In re Skvorecz*, 580 F.3d at 1267 Only the "ordinary and customary meaning" of a claim, read "in the context of the entire patent, including the specification," and "informed, as needed, by the prosecution history" can establish the legally correct interpretation of the claim. *Phillips* v. *AWH Corp.*, 415 F.3d 1303, 1312, 1313, 1315 (Fed. Cir. 2005) (en banc) (citations omitted).

In other words, the broadest reasonable interpretation is not designed to answer the question posed in district court litigation, where "[t]he point is to arrive at a 'concise statement[] of the subject matter for which the statutory right to exclude is secured by the grant of the patent.'" Pet. App. 56a (Prost, C.J., dissenting) (quoting *Multiform Desiccants, Inc.* v. *Medzam, Ltd.*, 133 F.3d 1473, 1476 (Fed. Cir. 1998)). That is why, until the AIA, the PTO and a federal district court "on the same evidence could quite

correctly come to different conclusions." *In re Swanson*, 540 F.3d at 1377 (quoting *Ethicon, Inc.* v. *Quigg*, 849 F.2d 1422, 1428 (Fed. Cir. 1988)).

3. The AIA was meant to change all that. The Act "convert[ed] inter partes reexamination from an examinational to an adjudicative proceeding, and rename[d] the proceeding 'inter partes review.'" H.R. Rep. 112-98 at 46-47.

Although inter partes reexaminations gave challengers the opportunity to be heard, they were not adversarial. 35 U.S.C. § 314(b) (2006). The process was "neutral;" a PTO examiner—not a judge—"conduct[ed] a subjective examination of claims in the light of prior art," with the patentee free "to amend his claims to avoid cited prior art" as needed. *In re Etter*, 756 F.2d at 856, 858 (quoting *Yamamoto*, 740 F.2d at 1572); see 35 U.S.C. § 314(a) (2006) ("[T]he patent owner shall be permitted to propose any amendment to the patent and a new claim or claims."). The burden of establishing invalidity rested with the examiner. *See In re Etter*, 756 F.2d at 859 & n.6 ("There is no such attacker in a reexamination, and hence no one on whom [a] burden may be placed."). A petitioner was not estopped from making the same arguments in subsequent litigation in a district court. *See id.* at 857. And the parties' willingness to settle their dispute played no role in terminating the proceedings.

The AIA replaced these core "examinational" characteristics of the former process with features that resemble district court proceedings:

- Inter partes reviews are tried directly to a panel of three administrative law judges from the newly created Patent Trial and Appeal

Board ("PTAB"), instead of an examiner *compare* 35 U.S.C. § 316(c), *with* H.R. Rep. 112-98 at 45-46 n.34;[2]

- The decision to institute a review depends on whether the petitioner is reasonably likely to prevail on at least one of his claims, rather than on a finding of a "substantial new question of patentability," *compare* 35 U.S.C. § 314 *with* 35 U.S.C. § 313 (2006).
- The petitioner, rather than the PTO, bears the burden of proving invalidity, *see* 35 U.S.C. § 316(e); *Nike, Inc.* v. *Adidas AG*, __ F.3d __, 2016 WL 537609 at *3 (Fed. Cir. Feb. 11, 2016) (noting the "distinctly different" procedure in reexamination);
- The petitioner and patentee can "settle" and the PTO may then elect to drop the matter, 35 U.S.C. § 317;
- The PTAB is permitted to consult a patent's prosecution history, instead of being limited to the paper record of the prior art, *compare* 35 U.S.C. § 302(a)(2), (d) *with* 35 U.S.C. § 301 (2006);
- The patent holder's right to amend his claims is sharply limited and the patentee must prove that the invention is patentable as amended, *compare* 35 U.S.C. § 316(d) *with* 35 U.S.C. § 314(a) (2006). *See* 37 C.F.R. § 42.20(c); *Mi-*

[2] All citations are to the most recent edition of the U.S. Code, as supplemented, unless otherwise noted.

crosoft Corp. v. *Proxyconn, Inc.*, 789 F.3d 1292, 1307 (Fed. Cir. 2015);

- The PTAB issues a written decision on patentability, rather than a certificate of patentability or cancellation alone, *compare* 35 U.S.C. § 318(a) *with* 35 U.S.C. § 316 (2006); and
- Petitioners are estopped from raising any argument they reasonably could have raised before the PTO in subsequent civil litigation, compare 35 U.S.C. § 315(e)(2) with 35 U.S.C. § 317(b) (2006).

By adopting the key adversarial features of district court proceedings and discarding the neutral, examinational structure of reexamination, Congress sent a clear signal: the days when "the tribunals charged with determination of patent validity as a matter of law, that is, the PTAB and the district court, could validly reach a different result on the same evidence" were over. Pet. App. 43a (Newman, J., dissenting); *cf. In re Swanson*, 540 F.3d at 1377 [3]

[3] Although the statutory burden of proof in PTO and district court proceedings is different, that deliberate legislative choice—unlike the PTO's rule—does not direct the forums to answer fundamentally different questions. *See* 35 U.S.C. § 282(a) (applying presumption of validity in district court litigation); *id.* § 316(e) (applying preponderance standard in review proceedings).

B. Applying The Broadest Reasonable Interpretation Standard in Inter Partes Review Threatens Small and Mid-Sized Patent-Practicing Innovators.

Inter partes review was meant to channel patent disputes from the courts to specialist judges in the PTO. The broadest reasonable interpretation rule undermines that goal and threatens the small and mid-sized innovators that depend on investment-reliable patent rights.

1. With post-grant reviews now easier to obtain and wider-ranging, demand for such proceedings has exploded.[4] But contrary to Congress' expressed intent, there has been no corresponding decline in patent litigation. *See* Matthew Sag, *IP Litigation in U.S. District Courts: 1994-2014*, 101 Iowa L. Rev. (forthcoming 2016) (manuscript at 119).[5] Instead of providing an alternative, the PTO's rule has encouraged the use of inter partes review as a parallel strategy.

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[4] PTO statistics show 17 reviews initiated in 2012, 514 in 2013, 1,310 in 2014, and 1,385 through July 2015. *See* PTAB, *AIA Progress: Statistics (as of 7/16/2015)*, available at: http://www.uspto.gov/sites/default/files/documents/aia_statistics_07-16-2015.pdf (last visited Feb. 22, 2016).

[5] Available at: http://dx.doi.org/10.2139/ssrn.2570803 (last visited Feb. 22, 2016). The trend of district court filings remains flat even after controlling for the nominal multiplication of filings attributable to AIA provisions that limit the once-common practice of joining multiple, unrelated defendants to a single suit. *See id.* (manuscript at 115-121); Matthew Sag, *IP Litigation in United States District Courts: 2015 Update* (Jan. 5, 2016), available at: http://dx.doi.org/10.2139/ssrn.2711326 (last visited Feb. 22, 2016).

The broadest reasonable interpretation rule invites parties to exploit the differences between the forums, raising costs for patentees and squelching investment and innovation. A cottage industry of "reverse trolling" has developed to take advantage of the fact that inter partes review can invalidate a patent determined to be valid in a district court. *See, e.g.*, Marc Cavan, Matthew Rizzolo & Matthew McDonell, *"Reverse Patent Trolls": Patent Law's Newest Strategy Unfolds*, Bloomberg BNA Insights, May 29, 2015.

In one particularly pernicious practice a "troll" identifies a patentee that has recently won a significant, but uncollected award of damages for infringement and then files or threatens to file a challenge to the validity of the underlying patent in the PTO in an effort to extort a settlement from the patentee. *See id.* Because the PTO ignores the legally correct interpretation of a patent in favor of a sweeping hypothetical interpretation, the patentee risks losing the judgment if the petitioner goes forward. *See, e.g.*, *Fresenius USA, Inc.* v. *Baxter Int'l, Inc.*, 721 F.3d 1330, 1341 (Fed. Cir. 2013) (infringement verdict not insulated from collateral attack in PTO until a judgment that "ends the litigation on the merits and leaves nothing for the court to do but execute the judgment" (citation omitted)).

Yet another abuse of the inter partes review process involves publicly challenging patents in the PTO and short selling the shares of the patentee. *See* Joseph Walker & Rob Copeland, *New Hedge Fund Strategy: Dispute the Patent, Short the Stock*, Wall St. J., Apr. 7, 2015. Although such challenges have mixed effects on share price, they burden patentees with needless risk and costs. *See* J. Gregory Sidak &

Jeremy O. Skog, *Attack of the Shorting Bass: Does the* Inter Partes *Review Process Enable Petitioners to Earn Abnormal Returns?* 63 UCLA L. Rev. Disc. 120 (2015).

2. The insecurity introduced by the PTO's rule also undermines Congress' desire that inter partes review not "divert resources from the research and development of inventions." H.R. Rep. 112-98 at 48. Not only does the exploitation of inter partes review sap resources in the form of legal fees and costs, it also hurts patent holders' balance sheets in other ways. Credit and investment are the lifeblood of small and mid-sized firms like the *amici curiae*. When businesses enjoy access to credit and increased financial flexibility, they invest more in research and development, and tend to produce more and more useful patents. *See* William Mann, *Creditor Rights and Innovation: Evidence from Patent Collateral*, 17-20, 23 (Apr. 27, 2015) (unpublished paper).[6] But as patent rights become weaker and less predictable, those lifelines dry up, forcing innovators to forego new projects and cut back on existing research efforts.

For firms that rely on patents as collateral for loans, increased patent vulnerability means a decline in the secondary market for patent rights and a corresponding drop in lending. *Cf.* Yael V Hochberg, Carlos J. Serrano & Rosemarie H. Ziedonis, *Patent Collateral, Investor Commitment, and the Market For Venture Lending* at 25 (Aug. 10, 2015) (unpublished

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[6] Available at: http://dx.doi.org/10.2139/ssrn.2356015 (last visited Feb. 22, 2016).

paper).[7] By contributing to such negative dynamics, the PTO's rule further undermines the purpose of the AIA.

3. Finally, by encouraging collateral attacks on district court validity determinations, the PTO's rule conflicts with this Court's longstanding emphasis on "the importance of uniformity in the treatment of a given patent," *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 390 (1996); *see also United Carbon Co.* v. *Binney & Smith Co.*, 317 U.S. 228, 232 (1942) ("[T]he claims measure the invention.") (internal quotation marks omitted). An issued patent "establishes a property right that applies throughout the nation." *Lighting Ballast Ctrl. LLC* v. *Philips Elecs.*, 744 F.3d 1272, 1285-86 (Fed. Cir. 2014) (en banc), *vacated on other grounds sub nom. Lighting Ballast Ctrl. LLC* v. *Universal Lighting Techs., Inc.*, 135 S. Ct. 1173 (Mem.) (2015). Unless patentees and others can rely on judicial determinations of validity, "a zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims would discourage invention only a little less than unequivocal foreclosure of the field, and the public would be deprived of rights supposed to belong to it, without being clearly told what it is that limits these rights." *Markman*, 517 U.S. at 390 (citations, alterations, and internal quotation marks omitted). That result is unacceptable.

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[7] Available at: http://www.econ.upf.edu/~cserrano/papers/HSZ_paper.pdf (last visited Feb. 22, 2016).

II. THE PTO LACKED AUTHORITY TO PROMULGATE THE BROADEST REASONABLE INTERPRETATION RULE.

The majority below held in the alternative that the PTO's rule was entitled to deference. But Congress never authorized the PTO to issue rules of claim construction. And even if it had, the choice of the broadest reasonable interpretation standard was unreasonable.

1. Agency interpretations of a statute are due deference only when they follow from a legislative delegation of authority. *See United States* v. *Mead Corp.*, 533 U.S. 218, 226-27 (2001); *City of Arlington* v. *FCC*, 133 S. Ct. 1863, 1875 (2013) (Breyer, J., concurring) (reviewing courts must "decide independently whether Congress delegated authority to the agency to provide interpretations of, or to enact rules pursuant to, the statute at issue"). Neither the AIA, nor the general authority given to the PTO under the Patent Act provides the necessary delegation here.

a. Although the Patent Act permits the PTO to "govern the conduct of proceedings in the Office," the Federal Circuit has held time and again that the Act "does not authorize the Patent Office to issue 'substantive' rules." *Cooper Techs. Co.* v. *Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008) (citing *Merck & Co.* v. *Kessler*, 80 F.3d 1543, 1550 (Fed. Cir. 1996)). That is, the PTO has no power to make rules that "affect[] individual rights and obligations." *Id.* (quoting *Animal Legal Def. Fund* v. *Quigg*, 932 F.2d 920, 927 (Fed. Cir. 1991)).

"It is a bedrock principle of patent law that the claims of a patent define the invention to which the

patentee is entitled the right to exclude." *Phillips*, 415 F.3d at 1312 (internal quotation marks omitted) (quoting *Innova/Pure Water, Inc.* v. *Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1115 (Fed. Cir. 2004)). A rule that dictates how those claims must be interpreted for the purposes of determining whether they should stand or fall in light of prior art necessarily "affects individual rights and obligations" on the part of both the patentee and the public. *See Markman*, 517 U.S. at 390 (scope of patent defines rights of the public as well as patentee). And where, as here, "the terms of the congressional delegation give no indication that Congress meant to delegate authority to" make such rules, deference cannot apply. *Mead Corp.*, 533 U.S. at 231-32.

b. Nor could any reasonable reading of the relevant rulemaking powers in the AIA authorize the PTO to set the standard for interpreting the metes and bounds of issued patent claims. In a section of the AIA devoted to the "[c]onduct of inter partes review," Congress directed the PTO to promulgate a specific and narrow set of procedural rules to govern the new proceedings. *See* 35 U.S.C. § 316(a); H.R. Rep. 112-98 at 48 (describing the PTO's new authority as "procedural").

Tellingly, the PTO was at a loss to specify which of these provisions authorized the broadest reasonable interpretation rule. In response to comments pointing out that the proposed rule was beyond its power, the PTO referred generally to 35 U.S.C. § 316(a)(2) and (a)(4). *See* Changes to Implement Inter Partes Review, 77 Fed. Reg. at 48697 Those provisions require the Director to make rules "setting forth the standards for the showing of sufficient grounds to

institute a review" and "establishing and governing inter partes review." 35 U.S.C. § 316(a)(2), (4) (emphasis added). The first provision has no bearing on the question since it deals with the grounds for initiating a review; the second cannot stretch to authorize the rule.

"[W]hen interpreting a statute" this Court "construe[s] language in light of the terms surrounding it." *FCC* v. *AT&T Inc.*, 562 U.S. 397, 405 (2011) (ellipsis and internal quotation marks omitted) (quoting *Leocal* v. *Ashcroft*, 543 U.S. 1, 9 (2004)); *see Utility. Air Regulatory Grp.* v. *EPA*, 134 S. Ct. 2427, 2441 (2014) (noting "fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme") (quoting *FDA* v. *Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 133 (2000)).

That context is instructive in this case. Section 316(a)(4) authorizes rules "establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title." 35 U.S.C. § 316(a)(4). *See id.* § 315(d). Although that language may seem broad in isolation, the subsection as a whole suggests a narrower construction.

Start with the section title, which directs a focus on the "conduct" of proceedings. *See Florida Dep't of Revenue* v. *Piccadilly Cafeterias, Inc.*, 554 U.S. 33, 47 (2008) ("[S]ection headings are tools available for the resolution of a doubt about the meaning of a statute.") (internal quotation marks omitted). The substance of the neighboring paragraphs is consistent with that limitation. All thirteen subjects of rulemaking identified in subsection 316(a) imple-

ment the nuts and bolts of inter partes review, including, among other things, the handling of files, the grounds for initiating review, guidelines for submitting evidence and materials, and timelines and procedures for exercising certain rights. *See id* § 316(a)(1)-(13). Section 316(a)(4)'s reference to "the relationship of such review to other proceedings under this title," is likewise naturally read as implementing the provision dealing with multiple proceedings in the PTO. *See* 35 U.S.C. § 315(d). And even if rules "establishing and governing" review proceedings could in theory encompass standards of claim interpretation, the language of the other paragraphs belies that reading. Congress told the PTO to promulgate "standards" for initiating a review, permitting discovery, and amending a claim. *See id.* § 316(a)(2), (5), (9). Its choice not to refer to "standards" in section 316(a)(4) cannot be dismissed. *See O'Melveny & Myers* v. *F.D.I.C.*, 512 U.S. 79, 86 (1994) ("*Inclusio unius, exclusio alterius.*").

2. Even if the PTO had the authority to impose some standard of claim construction, it could not promulgate the broadest reasonable interpretation rule. "Even under *Chevron*'s deferential framework, agencies must operate 'within the bounds of reasonable interpretation.'" *Utility Air Regulatory Grp.*, 134 S. Ct. at 2442 (quoting *Arlington*, 133 S. Ct. at 1868). And "an agency interpretation that is 'inconsisten[t] with the design and structure of the statute as a whole,' does not merit deference." *Id.* (citation omitted) (quoting *University of Tex. Sw. Med. Ctr.* v. *Nassar*, 133 S. Ct. 2517, 2529 (2013)).

As explained in detail in Part I, *supra*, giving claims in the new court-like review proceedings their

broadest reasonable interpretation is fundamentally inconsistent with the statutory scheme. Congress' express desire to provide a real alternative to litigation, and its choice of an adjucative model as the basis for inter partes review, signal an intention to harmonize the way the PTO and district courts interpret claims.

Whatever ambiguity might appear when section 316(a)(4) is read in isolation, the PTO's interpretation is not among the arguably "permissible meanings [that] produces a substantive effect that is compatible with the rest of the law." *Utility Air Regulatory Grp.*, 134 S. Ct. at 2442 (quoting *United Sav. Ass'n of Tex.* v. *Timbers of Inwood Forest Assocs., Ltd.*, 484 U.S. 365, 371 (1988)); *see id.* (quoting *Robinson* v. *Shell Oil Co.*, 519 U.S. 337, 341 (1997) ("[R]easonable statutory interpretation must account for both 'the specific context in which language is used' and 'the broader context of the statute as a whole.'") (ellipses omitted).

CONCLUSION

The judgment of the Federal Circuit should be reversed.

Respectfully submitted,

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February 2016

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APPENDIX

APPENDIX

INTERESTS OF THE INDIVIDUAL *AMICI CURIAE*

SiOnyx, LLC. Founded in 2006 by Professor Eric Mazur and Dr. James Carey of Harvard University, SiOnyx, LLC commercializes a patented process that dramatically enhances silicon's sensitivity to infrared light. The result—called "black silicon"—is a lower-cost, higher-performance image sensor with broad applications in commercial, consumer, and defense applications, from biometrics to security cameras and night-vision goggles, including SiOnyx's XQE line of image sensors.

Andrea Electronics Corporation. Based on Long Island, New York, Andrea Electronics Corporation has long been a pioneer of audio innovations. Andrea's historical products are showcased in the Henry Ford Museum and Smithsonian Museum of American History. Today, Andrea is a global leader in patented digital microphone technology for computer applications such as voice over the Internet (VoIP) communications and demanding automatic speech recognition software. With fewer than twenty employees, Andrea is a publicly traded company that continues to be run by the grandson of its founder.

ASSIA, Inc. Founded in 2003 as a spin-out of Stanford University, Redwood City, California-based ASSIA, Inc. pioneered the remote software management of internet physical-layer connection quality. With a global portfolio of some 600 patents, ASSIA produces innovative products used by nearly three dozen major Tier 1 and Tier 2 internet service providers, allowing these customers significant operational expense reductions for internet connections

consisting of fiber, copper DSL, Wi-Fi, and now some LTE connections.

Cresta Technologies. Founded in 2005 and located in Silicon Valley, CrestaTech is the creator of Smart Tuner™ integrated circuits that have successfully eliminated the need for traditional "can" tuners and reduced the cost of developing thin flat panel TVs. Deployed in millions of the world's leading brand-name products, CrestaTech Smart Tuner™ integrated circuits feature a patented precision radio frequency analog front-end and digital signal processing architecture that provides consistent, interference-free global broadcast signals.

Medversant Technologies LLC. Founded in 1999 and headquartered in Los Angeles, California, Medversant is a pioneer in healthcare technology. Medversant's web-based provider data management platform reduces costs and enhances patient safety by automatically and continuously checking for changes in license, OIG status, DEA certification, contact information, and more, helping prevent problems before they occur.

Netlist Inc. Founded in 2000 and headquartered in Irvine, California, Netlist is a leading provider of high-performance modular memory subsystems to the world's premier computer equipment manufacturers. Netlist specializes in hybrid memory—the merging of DRAM and NAND flash raw materials to create memory solutions. The company's patented memory technologies provide superior performance, and high density in a cost efficient solution. From database to enterprise applications, Netlist serves diverse industries that require superior memory

performance to empower critical business decisions in today's data-driven environment.

SEVEN Networks LLC. Founded in 2000, SEVEN Networks provides innovative mobile software solutions that deliver device-centric traffic management and analytics for both wireless carriers and end users globally. The company's Open Channel product family reduces operator costs, increases efficiency of wireless infrastructure, and enhances the end-user experience. Its traffic optimization software relieves network congestion by significantly reducing mobile signaling traffic through sophisticated algorithms that can detect redundant traffic patterns. The company's products are backed with over 450 granted and pending patents covering technologies core to the mobile ecosystem.

Smartvue Corporation. Smartvue revolutionized the world of surveillance with the introduction of the first wireless, cloud-based video surveillance system in 1999. Today, Smartvue leads the industry with Smartvue, Cloudvue, CloudDrive, and Commandvue IOT cloud services which are available in 140 countries around the world. The company also leads innovation in its industry with more than 45 patents in the United States, EU, and China. Smartvue is dedicated to making the world a safer place with amazing video surveillance technologies that are elegantly simple.

TriPlay, Inc. TriPlay, Inc. is a premier cloud services company, enabling users worldwide to easily access and enjoy their music, photos, and other digital files across any computer, smart phone, TV, or wearable device. Founded in 2004 by Tamir Koch, an immigrant to the United States, the company

offers unique personal cloud products that work with all devices, operating systems, screen resolutions, file formats, networks, and geographies.